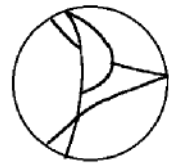


Community Matters

Defining Standard Economic and Political Terms

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Several economic and political terms are being tossed around during the current public debate about the US economy. Many people use these words incorrectly because they don't know their true meanings.

Economics studies the ways in which people use their resources – primarily money – to produce, distribute, and obtain goods and services. The field makes many assumptions about people when trying to predict how they will act. In my experience, most of those assumptions are wrong. An old economics joke claims that if you line up all the economists in the world end-to-end, they'll point in every direction. It's true.

Politics refers to the ways in which governments are organized and the ways that people interact with their governments. The word comes from the ancient Greek word *polis*, which means "community".

Each country has a political system and an economic system. These are some of the economic terms.

Capitalism is an economic system in which private individuals and corporations own the means of production – factories, farms, and other businesses – and control the distribution of all goods and services. Capitalism arose during the Industrial Revolution in the 18th century. Adam Smith defined and explained its principles in *Wealth of Nations* in 1776.

In a truly capitalist system, there is no government involvement of any kind. There are no public schools, libraries, police departments, sidewalks, hospitals, or charities. There is no social security program, unemployment compensation, or public assistance system. The "market" controls the economy and all financial dealings.

Under a **Communist** structure, the people own all property – factories, farms, businesses, land, etc. – in common, in a classless society. A central authority – a committee or a dictator – makes production, distribution, and management decisions. That authority is supposed to make those decisions in the best interests of the public.

Communism is usually associated with Karl Marx and the Soviet Union. However, most of the indigenous cultures throughout the world practiced communism for thousands of years prior to the modern era. They just didn't have a name for it.

If you can picture capitalism as one extreme and communism as the other, then **socialism** is the range of options between the two. Assets can be held in common by the people, under the government, or are privately owned. There is usually a blend of the two alternatives. Government, citizens, and business owners all have some control over the decisions.

There is no purely capitalist country. Even people who call themselves “capitalists” want some government involvement in their businesses. They don’t want limits on their business activities or their relations with employees, competitors, or customers. They do want protection in copyright, patent, trademark, international trade, and bankruptcy issues. They want exemptions from many laws. They certainly want tax breaks and government bailouts. None of them really wants competition.

The public wants minimum wage, fair labor practices, environmental, health and safety, child labor, income security, and consumer protections. A responsible and responsive government tries to balance the needs and wants of the two groups. That’s why every nation in the world sits at one point or another on that socialist range. Political activities and social culture determine a country’s place on the scale. It’s called a *mixed economy*. Most countries move around on that scale over the years.

Now, the political terms. In a **democracy**, every adult citizen has a personal vote in every decision affecting the community. In a **republic**, the citizens choose representatives to make decisions for them.

A **fascist** state is a dictatorship with complete control over every aspect of national life. The elite class of society controls the government. It opposes any attempt at political, social, and economic equality. It is obsessed with national security, protects corporate power, suppresses organized labor, and censors the media because it fears the “lower classes”.

There is a common misconception that all communist countries are dictatorships. They are not. Many European countries have very strong socialist and communist parties and policies, and most of them are republics. The indigenous societies were usually democracies.

Right now, American political conservatives and liberals are debating – and often battling – these economic issues and it’s getting nasty. Socialism is not a big scary monster that’s coming to get you. It’s an economic principle. And whatever your politics, there are some aspects of it that you want.

Let’s be sensible. We all have to compromise if we’re going to live together.

For more information go to www.infoplease.com

April 28 is Workers’ Memorial Day. It honors those who have died or been injured while doing their jobs. Please remember them. This is why we need workplace health and safety laws.

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